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C O N F I D E N T I A L SECTION 01 OF 03 TAIPEI 000075

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SUBJECT: TAIWAN LEGISLATIVE ELECTION: EXPLAINING THE
LANDSLIDE

Classified By: AIT Director Stephen M. Young,
Reason: 1.4 (b/d)

11. (C) Summary: The new winner-take-all format used for district contests in Taiwan's January 12 Legislative Yuan (LY) elections was a major factor leading to the KMT's landslide victory, experts suggested in post-election panel discussions. Other important factors were the greater unity of the pan-Blue camp and the KMT's success in casting the election as a referendum on the controversial President Chen Shui-bian. At the same time, the DPP's efforts to duck economic issues and focus on Taiwan identity themes, including a heavy-handed move to rename the former Chiang Kai-shek Memorial, proved counterproductive among Taiwan swing voters. While the KMT's victory further boosted KMT candidate Ma Ying-jeou's presidential prospects, voters will be watching to see if the KMT uses its dominant position in the LY in a responsible way. The DPP has held on to its base support and still has an opportunity to win the presidency if Frank Hsieh is able to reenergize his party and also win over moderate centrist voters in the nine weeks remaining before the March 22 presidential election. Beijing would do well now to worry less about its old bete noir, Chen, and focus on preparing to deal more flexibly with whoever succeeds him this May. End Summary.

12. (SBU) A broad range of prominent local and international experts analyzed the results and implications of Taiwan's January 12 Legislative Yuan (LY) elections at two post-election panel discussions attended by AIT. The following summarizes some of the more interesting views that experts expressed about the reasons for the landslide KMT victory and the potential implications for the March 22 presidential election.

KMT Holds Advantage Under New Electoral System

13. (SBU) The KMT benefited greatly from the new winner-take-all format used to elect legislators in single-member districts. In 2004, the DPP won 36 percent of the LY vote -- the most of any party -- and parlayed this total into 39.5 percent of the seats in multiple-member districts. Under the new system introduced in 2008, however, the DPP captured 38 percent of the vote in the regional districts but won just 17 percent of the district races.

14. (SBU) The percentage of seats in districts where the DPP is not competitive, including eastern Taiwan, the offshore islands, and the constituencies for indigenous people, increased from 6 percent to 10 percent of the total number of seats, giving the KMT a head start of 10-11 seats under the new rules. According to some estimates, the DPP thus needs to gain 55-60 percent of the remaining seats to overcome this disadvantage and secure a legislative majority. When the new electoral system was being worked out, President Chen was informed that it would disadvantage the DPP. However, he insisted on pressing ahead with the reform, even increasing representation for the small population of aborigines from 4 to 6 seats against the recommendation of an advisor. Despite the difficulties inherent in the new electoral system, both major parties have had plenty of time to adapt, so the DPP should still be faulted for failing to modify its election strategy.

A Referendum on President Chen's Performance

15. (SBU) In previous elections, the Chen administration was able to duck questions about economic performance by shifting the campaign focus to the Taiwan identity issue. This time, however, President Chen's aggressive promotion of controversial identity themes, such as the "anti-Chiang Kai-shek" campaign, proved to be out of touch with voters' concerns about the economy. In particular, controversial statements and actions by Chen and some officials in the DPP administration scared away "light Green" and moderate, swing voters. The most visible DPP campaigner, President Chen made himself a target for highly effective KMT attacks on him and

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his administration. Chen's "miscalculation" allowed the KMT to cast the election as a referendum on the controversial President Chen and his record over the past eight years.

16. (SBU) Until 2005, the DPP owned the corruption issue, using it quite effectively to hammer the KMT at election time. However, a series of scandals surrounding Chen's family and some top advisors have cost the DPP its clean image. Since 2005, the DPP has lost its earlier advantage on the corruption issue, especially given KMT candidate Ma Ying-jeou's clean image. The KMT's one-two punch, charging the DPP with corruption and incompetence, has proven an effective campaign strategy. The results of the legislative elections were more a vote against President Chen than a vote for the KMT. The DPP's best hope for the presidential election is that its resounding legislative defeat will convince Chen to exit the political battleground gracefully. It would also be helpful to the "green" side if former President Lee Teng-hui takes this opportunity -- the Taiwan Solidarity Union (TSU) won no seats in the new LY -- to reduce his political involvement.

Organization, Grassroots Base Keys to KMT Victory

17. (SBU) The KMT successfully capitalized on its historically strong network of grassroots organizations. The DPP, by contrast, has failed to use its advantage as the ruling party to build up local networks, even in its traditional strongholds in the south. Overall, the KMT fielded more candidates who had longer and closer ties to their local constituencies. The KMT, moreover, emulated the DPP by adopting a primary system to nominate legislative candidates. In addition to ensuring candidates have local support, the primary system also reduced the problem of KMT "rebel" candidates, who in the past were usually strong local politicians who quit the party as ran as independents after being passed over by party headquarters.

18. (SBU) The KMT also effectively tapped its superior financial resources during the campaign. Despite a last-week

media blitz by the DPP, the KMT outspent the DPP 5 to 1 on campaign advertising, according to one rough estimate. At the same time, the DPP failed to utilize its limited resources creatively. DPP advertising and publicity was noticeably stale in this legislative campaign. Previously known for its innovation, the DPP largely "rehashed" the same themes, images, and campaign methods that it used in the 1990s. By contrast, the previously staid KMT has become more up to date, first by copying the DPP and now also coming up with new and innovative campaign tactics, such as Ma Ying-jeou's "home-stay" program.

Ma's Presidential Prospects Boosted

¶9. (SBU) The KMT's LY election victory boosts Ma's prospects in the presidential election, less than ten weeks away. However, voters will be watching carefully to see whether the KMT uses its dominant position in the new LY in a responsible way. An overly confrontational stance toward the DPP or failure to deal with pressing legislation could damage the KMT and undermine Ma's election prospects. Public wariness against giving the formerly authoritarian KMT too much power might persuade some people to vote for a DPP president in hopes of checking the dominant party in the LY. This is the so-called "pendulum effect" in which Frank Hsieh has set his hopes and campaign strategy. However, other voters, disgusted by the partisan confrontation and legislative gridlock over the past eight years, might prefer to see a united rather than a divided government.

Hsieh's Challenge: Revive the DPP

¶10. (SBU) Trailing Ma by more than 10 points in most polls, Hsieh may not have enough time to close the gap before the March 22 presidential election. Nonetheless, the DPP's respectable 38 percent vote share in LY elections indicates

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the possibility of a come-from-behind victory should not be ruled out. The turnout rate for the presidential election should be 20 percent higher than the 58.5 percent LY election rate, and many of these additional voters could be DPP supporters. Hsieh's daunting challenge will be to deliver a convincing campaign message that will reenergize Green supporters and also appeal to moderate, swing voters. He should focus both on unifying his own party and repairing relations with erstwhile pan-Green ally, the TSU. During the LY elections, the DPP was hurt by infighting with the TSU and by Lee Teng-hui's heavy criticism of President Chen. By contrast the Blue camp was much more unified than in the past.

¶11. (SBU) Unlike the LY elections, the presidential contest will feature broad issues, including Taiwan identity and cross-strait relations and also the administrative records of the two candidates as mayors of Taipei (Ma) and Kaohsiung (Hsieh). This difference in election issues gives Hsieh a chance despite the DPP's poor showing in the LY elections. A possible cross-strait deal to increase charter flights during the upcoming Spring Festival holiday could also give Hsieh's candidacy a boost.

Comment: Implications for Cross-Strait Relations

¶12. (C) With Chen Shui-bian utterly discredited, Beijing needs to be looking ahead to the task of better managing its relations with Taiwan. Either Hsieh or Ma would be more pragmatic on cross-strait issues and China should be prepared to reach out to the winner of March 22nd's election. Though it may be difficult for Beijing's leaders, they should worry less about the potential for Chen to further roil cross-strait waters in what has already become his lame duck period. We expect Hsieh to assume control of his campaign now, and even if Chen engages in some rhetorical flourishes

over the next couple of months, he lacks the institutional basis to implement any juridical change in Taiwan's status prior to May 20, when he leaves office. Ironically enough, the best way to restore some credibility to Chen now would be public attacks on him from Beijing.

YOUNG